

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7648**

**BILL NUMBER: SB 387**

**DATE PREPARED:** Jan 11, 2001

**BILL AMENDED:**

**SUBJECT:** Randolph County CAGIT.

**FISCAL ANALYST:** David Hoppmann

**PHONE NUMBER:** 232-9559

**FUNDS AFFECTED:**      **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** This bill authorizes Randolph County to increase its County Adjusted Gross Income Tax (CAGIT) rate. It provides that the revenue from the CAGIT rate increase is to be used to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions, including the repayment of bonds issued, or leases entered into, for those purposes. It provides that the county's CAGIT rate plus the county's Economic Development Income Tax (CEDIT) rate may not exceed 1.5% if the county has imposed the additional CAGIT rate authorized by this bill. It makes conforming changes. It authorizes the county to adopt an ordinance that makes the CAGIT rate increase effective January 1, 2002.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** In accordance with this bill, revenue from the additional CAGIT rate increase of 0.15%, 0.20% or 0.25% would be used to pay the costs of financing, constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions. It would allow Randolph County to impose the additional CAGIT rate only until the financing on constructing, acquiring, renovating, and equipping the county courthouse and renovating the former county hospital for additional office space, educational facilities, and other county functions is completed. (Randolph County would then be required to reduce its maximum CAGIT rate to 1%.)

**Explanation of Local Revenues:** Under current Indiana law, counties are allowed to impose CAGIT at a

tax rate of up to 1%. This bill would allow Randolph County to impose CAGIT at a tax rate of up to 1.25%. The CY 2001 CAGIT certified distribution at a 1% rate for Randolph County is \$3,004,879. An additional 0.25% CAGIT would equal approximately \$751,219 in additional revenue for the entire year.

Randolph County would be allowed to adopt the CAGIT rate increase between March 31, 2001 and before September 20, 2001 which would take effect January 1, 2002. If the County Council imposes the increase as described above, Randolph County would begin receiving revenues beginning in January of 2003. The projected collections for CY 2003 are not available at this time. (However, these amounts are assumed to be approximate to the CY 2001 projected collections.)

### *Background*

Under current Indiana law, a county must adopt an increase in its CAGIT rate by April 1 of a given year. In July of that year, the State Budget Agency will calculate a certified distribution for the following year. (Counties do not receive any additional certified shares until January of the year following the rate increase and certified distribution.)

### Combined CAGIT/CEDIT Rate

For CY 2001, the Randolph County projected County Economic Development Income Tax (CEDIT) rate is currently .25%. Under current Indiana law (with few exceptions), counties that impose CAGIT and CEDIT may not exceed a combined CAGIT/CEDIT rate of 1.25%. Randolph County would be allowed to adopt a combined rate of 1.5% until required to reduce its CAGIT in accordance with the provisions of this bill.

### **State Agencies Affected:**

**Local Agencies Affected:** Randolph County.

**Information Sources:** State Budget Agency.